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YAO LIN

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SAN FERNANDO VALLEY DIVISION

In re

YAO LIN,

Debtor.

Case No. 1:23-bk-10733-MB

Chapter 7

**DEBTOR YAO LIN'S OPPOSITION
TO TRUSTEE'S NOTICE OF MOTION
AND MOTION OF CHAPTER 7
TRUSTEE AMY L. GOLDMAN FOR AN
ORDER (A) APPROVING SALE OF
ESTATE CLAIMS FREE AND CLEAR
OF ALL LIENS, CLAIMS,
ENCUMBRANCES, AND INTERESTS
PURSUANT TO 11 U.S.C. § 363 (f), (B)
GRANTING PROTECTION TO BUYER
AS A GOOD FAITH PURCHASER
PURSUANT TO 11 U.S.C. § 363(m), (C)
WAIVING STAY UNDER FEDERAL
RULE OF BANKRUPTCY PROCEDURE
6004, AND (D) GRANTING RELIEF
FROM THE AUTOMATIC STAY
PURSUANT TO 11 U.S.C. § 362(d)**

Date: May 6, 2025

Time: 11:00 a.m. PST

Place: 21041 Burbank Blvd., Crtrm 303
Woodland Hills, CA 91367

Judge: Hon. Martin R. Barash

**TO THE HONORABLE MARTIN R. BARASH, UNITED STATES BANKRUPTCY
JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR, AND
PARTIES IN INTEREST:**

PLEASE TAKE NOTICE Debtor YAO LIN (“Debtor”), by his counsel of record, Lo & Lo LLP, hereby submits this Opposition (the “Opposition”) to the TRUSTEE’S NOTICE OF MOTION AND MOTION OF CHAPTER 7 TRUSTEE AMY L. GOLDMAN FOR AN ORDER (A) APPROVING SALE OF ESTATE CLAIMS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS PURSUANT TO 11 U.S.C. § 363 (f), (B) GRANTING PROTECTION TO BUYER AS A GOOD FAITH PURCHASER PURSUANT TO 11 U.S.C. § 363(m), (C) WAIVING STAY UNDER FEDERAL RULE OF BANKRUPTCY PROCEDURE 6004, AND (D) GRANTING RELIEF FROM THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362(d).

This Opposition is made and based upon the following Memorandum of Points and Authorities, the papers and pleadings on file with the Clerk of the Court in the above captioned bankruptcy action and adversary proceeding, all related proceedings, judicial notice which is hereby respectfully requested pursuant to Federal Rule of Evidence 201, and such further evidence and argument that may be presented to and considered by this Court at any hearing on the Motion.

I. INTRODUCTION AND BACKGROUND

As set forth in the Trustees Motion, Trustee seeks the courts approval to sell Estate’s right, title, and interest in and to any and all claims and causes of action that the Estate has or may have against any parties, including without limitation all claims, causes of action, and/or avoidance actions and rights that the Estate has or may have under Chapter 5 of Title 11 of the United States Code (the “Bankruptcy Code”) and applicable nonbankruptcy law against Yao Lin, Jia Chen, the Shinewoods Trust, Landford, LLC, and/or any other parties (collectively, the “Estate Claims”), to Beijing Soufun Science and Technology Development Co., Ltd. (the “Buyer”) free and clear of all liens, claims, encumbrances and other interests pursuant to Bankruptcy Code section 363(f) for \$78,000. In addition, Trustee seeks authorization to enter

1 the agreement to convey the Estate Claims to buyer; seeks a finding that the transaction was
2 arm's length; requests relief from the automatic stay; seeks a finding that adequate notice has
3 been provided; and that the Court retains jurisdiction.

4 Debtor opposes this motion on the ground that relief sought by Trustee is contradictory
5 in nature, fails to meet the test under Bankruptcy Code 363(f), that the transaction was not arm's
6 length, and is not in the best interest of the Estate because no bidding procedure was followed
7 and it appears Creditor Jia Chen is willing to purchase the Estate Claims for \$80,000.

8 Trustee claims in his introduction that Debtor previously had significant assets and
9 enormous wealth, and that based on his investigation, the reason for Debtor's "supposed change
10 of fortune appears straightforward." Trustee then goes on to claim that he and his ex-wife Jia
11 Chen engaged in a deliberate scheme to defraud creditors. What is this alleged "scheme"? It is
12 in fact the unfortunate and regrettable divorce between Debtor and his ex-wife Jia Chen.

13 In or around 2014, more than 4 years before the arbitration award, Debtor's wife Jia
14 Chen caught Debtor cheating on her, they separated and then divorced. However, later that same
15 year they reunited, without revising their prior divorce/separation. In May of 2015, they
16 purchased the property at 27467 Latigo Bay View Drive in Malibu. On September 16, 2015,
17 plaintiff Beijing Soufun Science and Technology Development Co., Ltd. ("Plaintiff") entered
18 into an Agreement on Settlement of Outstanding Amount and the Termination of Nominee
19 Holding the Final Award (the "Termination Agreement") with Allscore Payment Services Co.,
20 Ltd. ("Allscore"); Beijing Zhonghan Hailian Assets Management Co., Ltd. ("Hailian"); and
21 Nanning Xuyin Business Co., Ltd. ("Xuyin"). Under the Termination Agreement, Allscore and
22 Hailian are jointly and severally liable for payment of an outstanding principal amount and
23 liquidated damages amount owed to Plaintiff in connection with a prior 2014 contractual
24 agreement. Additionally, on September 16, 2015, Plaintiff entered into a Guarantee Contract
25 (the "Guarantee Contract") with Mr. Lin, Beijing Longhe Trading Co. Ltd. ("Longhe") and
26 Xuyin. Under the Guarantee Contract, Lin and Longhe are jointly and severally liable for all
27 obligations borne by Allscore and Hailian under the Termination Agreement. Then in July of
28 2017, after the arbitration against the Debtor had started, they purchased the property at 31663

Broad Beach Road in Malibu. After Allscore failed to make payments in accordance with the Termination Agreement—and Mr. Lin, Hailian, and Longhe failed to satisfy those payments in accordance with their guarantor obligations under the Termination Agreement and Guarantee Contract—Plaintiff submitted a breach of contract claim for arbitration before the China International Economic and Trade Arbitration Commission (“CIETAC”). Then in 2018, Jia Chen discovered that the debtor had continued his earlier affair after seeing messages on Debtor’s phone. Jia Chen recorded these messages by emailing them to herself including evidence of a payment from Debtor to his affair partner in the approximate amount of five million RMB or approximately \$683,000.00 USD. Jia Chen immediately moved to divorce Debtor again. Under the divorce settlement, Debtor kept all of their Chinese Assets, including those Chinese assets which were originally separate property of Jia Chen, and AllScore which was worth approximately \$120 million at the time (Jia Chen gave up her community interest in Allscore), and he agreed to pay alimony to Jia Chen. In exchange, and because she was expected to raise their three children, Jia Chen kept the marital real properties located in the United States which were worth approximately \$2 million (Debtor gave up his community interest in these American-based assets). Jia Chen also gave Debtor \$3 million in connection with their divorce settlement.

On September 6, 2019, the arbitration tribunal issued a final award (“Final Award”) in favor of Plaintiff and against Mr. Lin.

While Debtor and Jia Chen remarried in December 30, 2019, that was not as part of some nefarious scheme to defraud creditors but part of a good faith effort on the part of Debtor to make things right with Jia Chen and be present in the lives of his children with her. While Debtor regrets his affair and the fact that it has to be brought up in a public setting the facts and reality of the situation are that his wife Jia Chen rightfully divorced him, has taken certain assets into her own name due to the divorce, and has not returned them to a joint status due to a lack of trust of Debtor that must be rebuilt over time.

On March 23, 2023, the United States District Court for the Central District of California (the “District Court”) granted Plaintiff’s Petition for Confirmation, Recognition, and

Enforcement of Foreign Arbitration Award (the “Enforcement Petition”), and entered judgment on April 12, 2023 for \$21,165,155.97, plus pre-judgment interest (the “Domestic Judgment”).

Based on this timeline of events and the reality and evidence supporting Debtor’s defense the Trustee’s decision to sell the Estate Claims for only \$78,000 despite their supposed value being in the millions shows the reality of their weakness. More importantly however, it is not in the best interest of the Estate to sell these claims to Buyer without a bidding process as creditor Jia Chen appears to be willing to purchase the claims for \$80,000.

II. LEGAL ARGUMENT

A. Standard For Approval of Sale

Under Bankruptcy Code section 363, a trustee may sell assets of the estate where “(1) a sound business purpose exists for the sale; (2) the sale is in the best interest of the estate, i.e., the sale price is fair and reasonable; (3) notice to creditors was proper; and (4) the sale is made in good faith.” *In re Slates*, 2012 Bankr. LEXIS 5159, No. EC-12-1168-KiDJu, at *31 (9th Cir. BAP Oct. 31, 2012) (citing *In re Wilde Horse Enters., Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

The decision to sell estate claims by a trustee may not be made in sound business purpose if certain factors are present. These factors include improper or bad faith motives, unfair pricing, lack of arm's length negotiations, inadequate procedures, insufficient market exposure, and unreasonable notice to all parties in interest. *In re Scimeca Foundation, Inc.*, 497 B.R. 753 (2013). Additionally, the sale must be in the best interest of the estate and necessary and beneficial to the fair and efficient resolution of proceedings. *In re Metropolitan Elec. Mfg. Co.*, 295 B.R. 7 (2003). Under business judgment test governing trustee's sale of estate property out of ordinary course of debtor's business, court considers such factors as (1) any improper or bad faith motive, (2) whether the price is fair and negotiations or bidding occurred at arm's length, and (3) adequacy of procedure, including proper exposure to the market and accurate and reasonable notice to all parties in interest. 11 U.S.C.A. § 363(b)(1). *In re Scimeca Found., Inc.*, 497 B.R. 753 (Bankr. E.D. Pa. 2013).

1 As will be shown in further detail below Trustee's proposed sale does not satisfy these
2 requirements.

3 **B. The Sale Is Not Supported by Sound Business Purpose**

4 In Chapter 7 proceedings, the trustee is obligated to reduce to money assets of the estate.
5 11 U.S.C. § 704(a)(1). In reducing to money assets of the estate, the trustee's primary duty in
6 selling estate assets is to maximize the value of the estate. This principle is well-established in
7 bankruptcy law, as the trustee must obtain the highest price or greatest overall benefit possible
8 for the estate. *In re GSC, Inc.*, 453 B.R. 132 (2011). The trustee's decision should be undertaken
9 with the goal of maximizing the value of the estate, and this duty is an obligation to the estate as
10 a whole, not to individual creditors. *In re GSC, Inc.*, 453 B.R. 132 (2011). The trustee must
11 articulate a sound business justification for the sale. If the trustee fails to provide a sound
12 business justification, the court may reject the sale. *In re Family Christian, LLC*, 533 B.R. 600
13 (2015).

14 Here, the Trustee argues that the decision to sell the Estate claims is supported by a
15 sound business purposes because it will allow the Estate to immediately monetize the value of
16 the claims, pay administrative expenses, professional fees, and the other creditor's claim in full.
17 The Trustee further argues that it would allow the Estate to avoid the potential costs and risks
18 involved in litigating the Estate Claims. However, the sale of the Estate Claims allegedly worth
19 millions for \$78,000 likely will not accomplish more for the creditors of the Estate than paying
20 the administrative expenses and professional fees of the Trustee. Furthermore, while Trustee
21 claims that the Buyer is the only potential buyer for the Estate Claims schedule E/F of Debtor's
22 bankruptcy petition lists creditors such as American Express (\$4,896.00); China Overseas
23 Scholars Foundation (\$1,500,000.00); Jia Chen (\$2,000,000.00); Jia Chen (\$43,200,000.00);
24 Shanghai Aiwu Investment Co. (\$20,000,000.00); and Yubo Zhang (\$1,500,000.00). These
25 other creditors of the estate will likely not be paid by the funds generated from this sale
26 meaning that the Estate does not benefit as a whole but instead the Trustee and the Buyer are the
27 only parties that will benefit from this sale. If the Trustee is so confident that the value of these
28

claims is in the millions of dollars it is nonsensical to state that the value of the estate is maximized by the sale of those claims to an individual creditor for pennies on the dollar.

Accordingly, the Trustee has failed to articulate a sound business justification for his decision to sell and the sale should be disapproved.

C. The Purchase Price Is Not Fair or Reasonable

The trustee must show that the sale is in the best interest of the estate, that it is fair and reasonable, has been given adequate marketing, has been negotiated and proposed in good faith, and that the purchaser is proceeding in good faith. *In re Baroni*, 654 B.R. 334 (2023).

The absence of competitive bidding can raise concerns about whether the trustee has obtained the best possible price for the estate assets. The trustee must demonstrate that the proposed purchase price is the highest and best offer, and competitive bidding is a key mechanism to ensure this. *In re Nicole Energy Services, Inc.*, 385 B.R. 201 (2008). If the trustee fails to adequately market the estate property or does not conduct a transparent auction process, the court may disapprove the proposed sale. *In re Las Cruces Country Club, Inc.*, 585 B.R. 239 (2018). The court has the power to disapprove a proposed sale recommended by the trustee if it knows that there is another proposal in hand which, from the estate's point of view, is better or more acceptable. *In re Sunland, Inc.*, 507 B.R. 753 (2014). Finally, Chapter 7 trustee has a duty to use reasonable efforts to maximize the sale of estate property; thus, faced with two bona fide offers on substantially similar terms, trustee should accept the higher proposal. *In re Scimeca Found., Inc.*, 497 B.R. 753 (Bankr. E.D. Pa. 2013)

Here, Trustee admits in her briefing that she approached the Buyer, and the Buyer only, regarding the purchase of the Estate Claims. Through this allegedly “arm’s length transaction” the trustee managed to obtain a \$78,000.00 sale price for claims that the Trustee had already “developed a strategy” for valued in the millions of dollars. The Trustee did not engage in a bidding process or adequately market these claims. In fact, the Trustee did not market these claims at all apart from speaking to the Buyer. As stated above there are five creditors in addition to the Buyer all of whom may have desired to buy the Estate Claims. In fact, Jia Chen, as a creditor of the estate, also has standing to be a potential buyer of these claims and appears

1 to be willing to outbid the Buyer in the amount of \$80,000.00. None of the other creditors of the
2 Estate were given the opportunity to bid and are going to be harmed by the sale of the Estate
3 Claims for a measly \$78,000.00. Thus, it is readily apparent that had a transparent auction
4 process occurred the value of the sale of the Estate Claims could have been better maximized
5 for the sake of the Estate as a whole. The reality appears to be that the Trustee believes her
6 claims are weak and has decided to offload them, favoring one creditor over the others, in order
7 to pay her own fees and expenses at the expense of the Estate.

8 Accordingly, the Trustee has failed to obtain a fair and reasonable price for the Estate
9 Claims and the sale should be disapproved because higher bids potentially exist and have not
10 been considered by the Trustee.

11 **D. There Should Be No Relief from Stay**

12 Trustee requests that the Buyer be granted relief from the automatic stay under
13 Bankruptcy Code section 362(a) to the extent necessary to pursue and collect the Estate Claims.
14 Although the Estate Claims would no longer be property of the Estate following the sale to the
15 Buyer, the automatic stay under Bankruptcy Code section 362(a) still prohibits, among other
16 things, the commencement or continuation of an action to recover a claim against the debtor,
17 enforcement of a judgment against the debtor, acts to obtain possession of property of the estate
18 or of property from the estate or to exercise control over property of the estate, and acts to
19 collect, assess, or recover a claim against the debtor. 11 U.S.C. § 362. Bankruptcy Code section
20 362(d) provides that the Court may grant relief from the automatic stay for cause. 11 U.S.C. §
21 362(d). “Because there is no clear definition of what constitutes “cause,” discretionary relief
22 from the stay must be determined on a case-by-case basis.” *In re Mac Donald*, 755 F.2d 715,
23 717 (9th Cir. 1985).

24 Given that the sale of the Estate Claims is not supported by a sound business purpose
25 and because the sales price is not fair and reasonable the sale should be disapproved. As a
26 result, there should be no relief from stay. If the sale is not disapproved, the 362(a) stay should
27 not be lifted. The bankruptcy court is the proper venue to litigate the Estate Claims and so it is
28 unnecessary for the stay to be lifted and the Trustee and Buyer have not presented any cause

beyond the necessity of lifting the stay to incentivize the Buyer to purchase the Estate Claims. That argument ignores the fact that the Estate Claims can be pursued in this bankruptcy action with court approval.

VII. CONCLUSION

For all of the preceding reasons and more, Trustee's proposed sale of the Estate Claims should be disapproved and the stay should remain in place. The Trustee failed to adequately market and engage in a bidding procedure between the Creditors before deciding to sell the Estate Claims allegedly worth millions of dollars for only \$78,000.00 to one particular Creditor and there are other potential buyers including creditor Jia Chen who appear to be willing to bid more for the Estate Claims.

Dated: April 22, 2025

LO & LO LLP

By: 

Jonathan J. Lo
Kelvin J. Lo
Brendan T. Molloy
Attorneys for Debtor
YAO LIN

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 506 North Garfield Avenue, Suite 280, Alhambra, CA 91801

A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR YAO LIN'S OPPOSITION TO TRUSTEE'S NOTICE OF MOTION AND MOTION OF CHAPTER 7 TRUSTEE AMY L. GOLDMAN FOR AN ORDER (A) APPROVING SALE OF ESTATE CLAIMS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS PURSUANT TO 11 U.S.C. § 363 (f), (B) GRANTING PROTECTION TO BUYER AS A GOOD FAITH PURCHASER PURSUANT TO 11 U.S.C. § 363(m), (C) WAIVING STAY UNDER FEDERAL RULE OF BANKRUPTCY PROCEDURE 6004, AND (D) GRANTING RELIEF FROM THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362(d)** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **04/22/2025**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On **04/22/2025**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

PRESIDING JUDGE

Honorable Martin R. Barash
United States Bankruptcy Court – Central
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☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL

(state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

04/22/2025

Kelvin J. Lo

/s/ Kelvin J. Lo

Date

Printed Name

Signature